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Message Text

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FOLLOWING TEL SENT ACTION SECSTATE WASHDC FROM JAKARTA ARPIL 20:

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EO 11652: N/A
TAGS: ATRN,CPAS,APER,ID
SUBJECT: AUTOMOBILE IMPORTS

REF : JAKARTA 4657

1. SUMMARY: MINISTER OF STATE SUDHARMONO TOLD AMBASSADOR APRIL 19 GOI MOVING TOWARD SOLUTION OF AUTOMOBILE IMPORT FOR OFFICIAL PERSONNEL PROBABLY THROUGH PERMITTING PURCHASE OF LOCALLY ASSEMBLED VEHICLES TAX FREE. END SUMMARY.

2. IN MEETING WITH MINISTER OF STATE SUDHARMONO APRIL 19 AMBASSADOR ASKED STATUS OF GOI CONSIDERATION OF AUTOMOBILE IMPORT FOR OFFICIAL PERSONNEL WITHOUT DIPLOMATIC STATUS.

T3. SUDHARMONO EXPLAINED THAT AFTER JANUARY 15
PRESIDENT
EXTREMELY CONSCIOUS OF POPULAR CRITICISM OF EXPENSIVE LIVING. SEDANS AND STATION WAGONS WERE SYMBOLS ESPECIALLY ATTACKED BY CRITICS. DEVELOPING COUNTRIES
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LACKING EXPERIENCE DO NOT ALWAYS DO THINGS SMOOTHLY. AT

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SAME TIME PRESIDENT AWARE THAT, IF EXCEPTIONS PERMITTED IN INITIAL DECREE, EXCEPTIONS TEND TO BECOME RULE. CONSEQUENTLY DECREE OF JANUARY 22 BANNING ALL IMPORTS OF LUXURY VEHICLES (I.E. SEDANS AND STATION WAGONS) WAS ISSUED WITHOUT ANY EXCEPTIONS. SINCE THEN GOVERNMENT VERY WELL AWARE FROM REPRESENTATIONS MADE BY DIPLOMATIC CORPS AND BY INDIVIDUAL AMBASSADORS OF IMPACT ON FOREIGN EMBASSIES AND TECHNICAL MISSIONS.

4. AMBASSADOR SAID HE WELCOMED OPPORTUNITY TO PRESENT SPECIAL PROBLEMS OF U.S. EMBASSY, PROBLEMS ALREADY LAID BEFORE GOI BY DIPLOMATIC NOTE. DECREE WORKED PARTICULAR HARDSHIP ON PEOPLE WHO HAD ALREADY ORDERED, PAID FOR AND HAD PERSONAL VEHICLES SHIPPED. ALTHOUGH U.S. SALARIES MAY BE HIGH IN RELATIVE TERMS, THESE EXPENSES WORKED SEVERE HARDSHIP ON U.S. TECHNICIANS AND LOWER RANKING EMBASSY PERSONNEL AND COULD NOT EASILY BE RECOVERED. FURTHER, U.S. HAD AGREEMENT WITH INDONESIA COVERING AID PERSONNEL WHICH GIVES SUCH PERSONNEL IMPORT PRIVILEGES EQUIVALENT TO THOSE OF DIPLOMATIC PERSONNEL. U.S., FINALLY, WAS ONE OF FEW COUNTRIES WHICH HAD MILITARY MISSION IN INDONESIA. AMBASSADOR HAD HEARD THAT EXEMPTION FROM JANUARY 22 DECREE MAY ALREADY HAVE BEEN DECIDED FOR FOREIGN MILITARY PERSONNEL.

5. SUDHARMONO SAID THAT NO DECISION HAD BEEN MADE ON MILITARY PERSONNEL AND THEY WERE CLASSED WITH OTHERS. AMBASSADOR MENTIONED EMBASSY HAD NOT BEEN AWARE OF THIS AND CHIEF OF DLG HAD WRITTEN TO GENERAL PANGGABEAN ON MATTER.

6. SUDHARMONO, WHILE ACKNOWLEDGING SPECIAL CHARACTER OF FOREIGN OFFICIAL COMMUNITY, SAID PRESIDENT'S PROBLEM IN ISSUING FURTHER "TRANSITIONAL" DECREE WAS THAT NUMBER INDONESIAN DIPLOMATIC AND MILITARY OFFICIALS SEEKING TO IMPORT CARS WERE ALSO CAUGHT BY DECREE. SUDHARMONO ACKNOWLEDGED THAT U.S. HAD AGREEMENT AND SAID THAT WHEN FINAL DECISIONS MADE ON TRANSITIONAL ARRANGEMENTS, WE MIGHT BE APPROACHED ABOUT REVISION OF AGREEMENT.

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7. SPEAKING THEN ON "INFORMAL CONSULTATION" BASIS AND WITHOUT ANY COMMITMENT, SUDHARMONO SAID GOVERNMENT WAS THINKING ABOUT SPECIFICS OF TRANSITIONAL DECREE. FIRST, IT WAS IMPORTANT TO EMPHASIZE THAT JANUARY 22 DECREE COVERED ONLY SEDANS AND STATION WAGONS AND THAT ALL OTHER VEHICLES COULD BE IMPORTED UNDER OLD ARRANGEMENTS. GOI AWARE OF PROBLEM OF CARS SHIPPED BEFORE JANUARY 22 AND WAS CONSIDERING PERMITTING ENTRY OF ALL CARS FOR OFFICIAL

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PERSONNEL SHIPPED BEFORE THAT DATE WHICH HAD ARRIVED IN
PORT. PRESUMPTION WAS THAT, AFTER THREE MONTHS, ALL CARS
WOULD HAVE ARRIVED. TO MEET PROBLEM OF CARS FOR OFFICIAL
PERSONNEL WHO COULD NOT IMPORT VEHICLES, GOVERNMENT WAS
CONSIDERING PERMITTING TAX FREE PURCHASE OF SEDANS AND
STATION WAGONS ASSEMBLEDIN INDONESIA. (NOTE: THREE
U.S.-RELATED MANUFACTURERS, FORD, GM AND CHRYSLER ASSEMBLE
SEDANS IN INDONESIA.)

8. SUDHARMONO SAID FOUR CATEGORIES OF DIPLOMATIC CARS
EXISTED: (A) THOSE FOR CHIEF OF MISSION AND DEPUTY;
(B) THOSE FOR OTHERS ON DIPLOMATIC LIST; (C) THOSE FOR
STAFF PERSONNEL; AND (D) THOSE FOR EMBASSY MOTOR POOL.
FIRST TWO CATEGORIES PRESENTED NO PROBLEM. GOVERNMENT
CONSIDERING PERMITTING LOCAL TAX FREE PURCHASE FOR OTHER
TWO CATEGORIES.

9. AMBASSADOR SAID HE COULD NOT COMMIT USG TO ACCEPT
ANY OF FOREGOING SUGGESTIONS ALTHOUGH HE ASSURED
SUDHARMONO THAT USG WOULD SEEK
TO UNDERSTAND INDONESIA'S
PROBLEM AND WOULD BE PREPARED WORK OUT ARRANGEMENTS THAT
WOULD BE CONSISTENT WITH CURRENT AGREEMENTS AND DESIRE
OF U.S. EMBASSY AND OFFICIAL PERSONNEL TO HAVE COMFORTABLE
MOTOR VEHICLES. HE STRESSED THAT THIS IS IMPORTANT TO
U.S. PERSONNEL AND THAT RESTRICTION ON IMPORTS COME AT
AN AWKWARD TIME IN WASHINGTON GIVEN FEELINGS IN CONGRESS
ABOUT AID, OF WHICH GENERAL SUDHARMONO ALREADY AWARE.
SUDHARMONO ACKNOWLEDGED HE WAS INDEED AWARE THIS ASPECT
OF PROBLEM.

10. AMBASSADOR ASKED WHETHER GOVERNMENT MIGHT ALSO BE
CONSIDERING OTHER POSSIBILITIES INCLUDING IMPORTATION
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OF VEHICLES FOR OFFICIAL PERSONNEL IN AMBASSADOR'S NAME
OR PROVISION OF VEHICLE BY GOVERNMENT AS PART OF SUPPORT
FOR AID AND MILITARY MISSIONS. AMBASSADOR ALSO ASKED
WHETHER TECHNICIANS IN INDONESIA COULD SELL THEIR VEHICLES
TO SUCCESSORS WITHOUT COMPLICATIONS. SUDHARMONO SAID
GOVERNMENT WAS CONSIDERING VARIOUS POSSIBILITIES. AS
FAR AS HE KNEW, THERE WAS NO RESTRICTION ON SALE OF CAR
TO SUCCESSOR WITH SIMILAR PRIVILEGES BUT HE WOULD CHECK.

11. WITH REFERENCE TO POSSIBLE PURCHASE BY EMBASSY OF
LOCALLY ASSEMBLED VEHICLES, AMBASSADOR SAID HE WAS NOT
CERTAIN USG COULD DO THIS SINCE THERE MAY BE CONGRESSIONAL
REQUIREMENTS FOR PURCHASE OF VEHICLES ON TENDER BASIS.
AMBASSADOR ASKED SUDHARMONO WHAT WAS DEFINITION OF STATION
WAGON, REFERRING PARTICULARLY TO JEEPSTER TYPE VEHICLES.

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SUDHARMONO SAID HE HAD ALREADY DETERMINED THAT ANY VEHICLE BUILT AS JEEP INCLUDING JEEPSTER AND RANGE ROVER WAS NOT STATION WAGON. HE ALSO SAID MINIBUSES AND MICROBUSES WERE NOT STATION WAGONS.

12. COMMENT: FOREGOING IS CLEAREST EXPOSITION OF PROBLEM AND ALTERNATIVES EMBASSY HAS YET RECEIVED. DEPARTMENT'S COMMENTS ON VARIOUS PROPOSALS WOULD BE WELCOME. NEWSOM UNQUOTE
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